



GST 12% spend-based · REL 25% to states · SBC corridor revenue · payroll tax floor \$2M · no cost-shifting

12%

GST rate

Up from 10%, essentials exempt

25%

REL to states

From resource extraction

\$2M

Payroll floor

Pathway to \$3M nationally

\$2-8B

Per corridor

State SBC revenue share/yr

THE PROBLEM — THREE FAILURES IN STATE FUNDING

FISCAL IMBALANCE

States deliver hospitals, schools, police, and roads on 45% of government revenue. Starved of funds, they lean on payroll tax, stamp duty, and land tax — bad taxes that punish growth —

GST: LOW AND BROKEN

GST at 10% is the lowest rate in the developed world. HFE distribution penalised WA at less than 30c per dollar for a decade. The formula rewards need, punishes productivity, and is renegotiated

COST-SHIFTING

Canberra announces programmes and states fund the gaps. Hospital shortfalls. Mental health pilots dumped on states permanently. Every cost-shift shrinks the room for real services.

THE MMP SOLUTION — FIX THE FISCAL BASE

GST TO 12% — SPEND-BASED

MMP raises GST from 10% to 12% — a 20% increase in the pool — with fresh food, medical, and education exempt. Distribution switches to spend-based: each state receives GST proportional to what its residents spend. Automatic. Transparent. No Grants Commission renegotiation. States that grow their economies get more.

REL — 25% DIRECT TO STATES

The Resource Extraction Levy distributes 25% of gross revenue to the state where extraction occurs. At \$40-80B/yr total REL: \$10-20B/yr split across extracting states. WA iron ore and gas alone generates \$8-12B/yr in REL, of which \$2-3B flows directly to the WA government. Permanent revenue from the ground that was always theirs.

SBC CORRIDOR REVENUE

Every state through which an SBC corridor passes receives a corridor revenue share — easement, local employment, and a percentage of power transmission revenue. \$500M-\$2B per state annually at Phase 1 scale, growing to \$2-8B at full build. Permanent — not a one-off grant. The corridor keeps paying as long as it runs.

PAYROLL TAX — THE LOOP

States use payroll tax to fill revenue holes Canberra creates. Fix the hole and the threshold can rise. MMP sets a national floor of \$2M via National Cabinet — no state can go lower, pathway to \$3M. The cliff that stops hiring at \$700K shifts to \$2M. As GST, REL, and corridor revenue grow state budgets, the pressure to hold payroll tax low disappears permanently.

NO COST-SHIFTING — CANBERRA PAYS

Every Commonwealth programme delivered through states comes with full-cost funding for the life of the programme. No matched-funding traps. No sunset cliffs. No pilot-to-permanent gaps. Hospital funding at the agreed Commonwealth percentage — states no longer fund the gap. Cost-shifting prohibited under MMP fiscal protocols, enforced through the grants process.

INFRASTRUCTURE FUND — MERIT

20% of SBC Revenue Lock goes to the National Infrastructure Fund — allocated by an independent authority, not ministers. States apply on merit. Projects assessed on economic return, community need, and national interest. No pork-barrelling. Every decision published. Regional communities access it on equal terms with capital cities.

INDUSTRY BENEFIT — SIX LEVERS

More state revenue → payroll tax, stamp duty, land tax wound back. Power at 15c/kWh → lower operating costs. Payroll floor \$2M → more hiring without penalty. REL funds state infrastructure → roads, ports, local services. SBC corridor → freight, power, water, data. GST 12% spend-based → states fund services without raiding business. Each lever reinforces the others.

THE STATE DEAL — LEGISLATED

States contribute: energy agencies merged into SBC planning; state RET schemes folded into national framework; corridor easements; local planning fast-tracks for SBC town precincts. States receive: GST 12% spend-based; REL 25%; corridor revenue; payroll floor; no cost-shifting; Infrastructure Fund access on merit. Legislated and permanent.

WA — THE LONG-OVERDUE SETTLEMENT

WA generated most of Australia's resource wealth for 50 years and received the least equitable GST share for a decade. Under MMP: spend-based GST ends the HFE penalty immediately; REL 25% gives WA \$2-3B/yr; SBC corridors #2 and #5 run through WA generating corridor revenue; WA grid connects to national HVDC backbone.

LOCAL GOVERNMENT REFORM

MMP commits to a Royal Commission into local government funding — the first in Australian history. Local councils are the closest government to Australians and chronically underfunded. The Commission will establish a national local government funding framework, minimum service standards, and a direct Commonwealth-to-council grant stream for essential infrastructure.

PAYROLL TAX — STATES BENEFIT

The national \$2M floor is agreed through National Cabinet — no state loses competitive ground in isolation. States that already sit above \$2M keep their advantage. The harmonised floor removes the worst distortion: a business in Victoria starting payroll tax at \$700K versus the same business in NSW at \$1.2M. Location decisions return to genuine business factors.

THE REINFORCING LOOP

More revenue to states → less pressure on bad taxes → better environment for industry → more economic activity → more REL revenue → more to states. The SBC is not just infrastructure. It is a fiscal reform mechanism dressed in steel and solar panels. Fix the fiscal base and every other reform becomes easier to deliver and sustain.

CURRENT FAILURE vs THE MMP FIX

CURRENT — THE FAILURE

MMP — THE FIX

GST: 10% — lowest rate in developed world. HFE formula penalises productive states.

GST: 12% spend-based — bigger pool, fairer formula, automatic, transparent.

Essentials taxed at 10% GST the same as everything else.

Fresh food, medical, education exempt. Burden on discretionary spending only.

REL: does not exist. States receive royalties at low effective rates.

REL 25% to states: \$10-20B/yr split by extraction location. Permanent stream.

SBC corridor revenue: no corridor. No revenue stream for states.

SBC corridor share: \$500M-\$2B/yr per corridor state at Phase 1, to \$2-8B.

Payroll tax: \$650K-\$1.2M thresholds by state. Cliff punishes hiring and growth.

National floor \$2M: pathway to \$3M. Cliff shifts beyond most small businesses.

States fiscally squeezed → lean on payroll tax, stamp duty, land tax.

GST + REL + corridor revenue eases squeeze → bad taxes wound back.

Cost-shifting: Commonwealth announces, states fund the gap every cycle.

No cost-shifting: Commonwealth funds what it announces. Full cost. Permanent.

National Infrastructure Fund: ministerial discretion. Pork-barrelling documented.

Independent authority. Merit-assessed. Every decision published. Equal access.

WA GST: penalised for a decade. Less than 30c per dollar at worst point.

WA: spend-based GST + REL \$2-3B/yr + two SBC corridors + grid connection.

Industry: high power costs, low payroll threshold, poor state infrastructure.

Industry: 15c/kWh + \$2M payroll floor + corridor infrastructure + lower taxes.

"Fix the fiscal base. Free states from bad taxes. Industry benefits from every lever simultaneously." — MMP Federal Platform

★ VOTE 1 — BRETT MURRELL — FARRER — SATURDAY 9 MAY 2026 ★